

PERAC

COMMONWEALTH OF MASSACHUSETTS | PUBLIC EMPLOYEE RETIREMENT ADMINISTRATION COMMISSION

PHILIP Y. BROWN, ESQ., *Chairman*

JOSEPH E. CONNARTON, *Executive Director*

Auditor SUZANNE M. BUMP | KATHLEEN M. FALLON | KATE FITZPATRICK | JAMES M. MACHADO | ROBERT B. MCCARTHY | JENNIFER F. SULLIVAN

MEMORANDUM

TO: Danvers Retirement Board
FROM: Joseph E. Connarton, Executive Director
RE: Appropriation for Fiscal Year 2018
DATE: November 28, 2016

Required Fiscal Year 2018 Appropriation: **\$6,760,731**

This Commission is hereby furnishing you with the amount to be appropriated for your retirement system for Fiscal Year 2018 which commences July 1, 2017.

Attached please find summary information based on the present funding schedule for your system and the portion of the Fiscal Year 2018 appropriation to be paid by each of the governmental units within your system. The allocation by governmental unit was determined by Stone Consulting as part of their January 1, 2016 actuarial valuation.

The current schedule is/was due to be updated by Fiscal Year 2019.

If you have any questions, please contact PERAC's Actuary, Jim Lamenzo, at (617) 666-4446 Extension 921.

JEC/jrl
Attachments

cc: Town Manager
Town Meeting
c/o Town Clerk

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Danvers Retirement Board

Projected Appropriations

Fiscal Year 2018 - July 1, 2017 to June 30, 2018

Aggregate amount of appropriation: **\$6,760,731**

Fiscal Year	Estimated Cost of Benefits	Funding Schedule (Excluding ERI)	ERI	Total Appropriation	Pension Fund Allocation	Pension Reserve Fund Allocation	Transfer From PRF to PF
FY 2018	\$10,480,593	\$6,760,731	\$0	\$6,760,731	\$6,760,731	0	\$3,719,862
FY 2019	\$11,089,919	\$7,301,589	\$0	\$7,301,589	\$7,301,589	\$0	\$3,788,330
FY 2020	\$11,735,654	\$7,885,716	\$0	\$7,885,716	\$7,885,716	\$0	\$3,849,938
FY 2021	\$12,419,973	\$8,516,574	\$0	\$8,516,574	\$8,516,574	\$0	\$3,903,399
FY 2022	\$13,145,182	\$9,197,900	\$0	\$9,197,900	\$9,197,900	\$0	\$3,947,282

The Total Appropriation column shown above is in accordance with your current funding schedule and the scheduled payment date(s) in that schedule. Whenever payments are made after the scheduled date(s), the total appropriation should be revised to reflect interest at the rate assumed in the most recent actuarial valuation. Payments should be made before the end of the fiscal year.

For illustration, we have shown the amount to be transferred from the Pension Reserve Fund to the Pension Fund to meet the estimated Cost of Benefits for each year. If there are sufficient assets in the Pension Fund to meet the Cost of Benefits, this transfer is optional.



DANVERS RETIREMENT SYSTEM BREAKOUTS

Breakouts - Actuarial Basis		Total	Town	Housing Authority	School Lunch	Hospital	Electric	School	Water	Sewer
(1)	Participants									
	Active	467	239	9	13	0	47	136	21	2
	Inactives	119	21	1	1	0	2	87	5	2
	Retirees	380	181	9	18	68	33	58	12	1
	Disabled Retirees	31	25	0	1	1	0	0	2	2
	Total	997	466	19	33	69	82	281	40	7
(2)	Payroll of Active Participants	\$25,659,909	\$15,760,722	\$519,037	\$378,548	\$0	\$3,932,963	\$3,674,079	\$1,259,963	\$134,597
(3)	Normal Cost									
(a)	Total Normal Cost	3,569,021	2,177,148	62,480	47,760	0	682,844	466,581	114,354	17,854
(b)	Expected Employee Contributions	2,372,207	1,452,861	50,935	32,709	0	387,558	321,087	114,439	12,618
(c)	Net Employer Normal Cost	1,196,814	724,287	11,545	15,051	0	295,286	145,494	(85)	5,236
(d)	Interest on Net Normal Cost	77,102	46,661	744	970	0	19,023	-9,373	(5)	337
(e)	Net Employer Normal Cost w Interest	1,273,916	770,948	12,289	16,021	0	314,309	154,867	(90)	5,573
(4)	(a) Active and Inactive Accrued Liability	73,356,306	51,064,815	1,102,129	1,127,562	0	9,010,231	6,929,609	4,003,200	118,760
	(b) Retiree and Disabled Accrued Liability	102,386,929	68,994,767	1,792,860	1,592,982	5,921,224	12,670,958	7,824,741	3,086,460	502,937
	(c) Actuarial Accrued Liability	175,743,235	120,059,582	2,894,989	2,720,544	5,921,224	21,681,189	14,754,350	7,089,660	621,697
(5)	(a) Assets	96,511,828	65,932,380	1,589,823	1,494,024	3,251,722	11,906,525	8,102,555	3,893,385	341,413
	(b) Balance for extra contribution	4,916,554	0	0	0	0	4,916,554	0	0	0
	(c) Total assets	101,428,383	65,932,380	1,589,823	1,494,024	3,251,722	16,823,079	8,102,555	3,893,385	341,413
(6)	(a) Unfunded Actuarial Accrued Liability (UAAL)	79,231,406	54,127,202	1,305,166	1,226,519	2,669,502	9,774,664	6,651,795	3,196,275	280,283
	(b) UAAL including Electric balance	74,314,852	54,127,202	1,305,166	1,226,519	2,669,502	4,858,110	6,651,795	3,196,275	280,283
(7)	Amortization*	5,089,439	3,530,770	85,137	80,007	174,134	558,708	433,903	208,496	18,283
(8)	Net 3(8)(c) payments**	397,376	267,777	6,958	6,183	22,981	49,178	30,369	11,979	1,952
(9)	Total Required Employer Contributions (3e)+(7)+(8)	6,760,731	4,569,495	104,385	102,211	197,115	922,195	619,139	220,385	25,808
(10)	Fiscal 2018 Cost	6,760,731	4,569,495	104,385	102,211	197,115	922,195	619,139	220,385	25,808
(11)	Fiscal 2019 Cost	7,301,589	4,935,054	112,735	110,387	212,884	995,970	668,670	238,016	27,873
(12)	Fiscal 2020 Cost	7,885,716	5,329,858	121,754	119,218	229,915	1,075,648	722,164	257,057	30,103
(13)	Fiscal 2021 Cost	8,516,574	5,756,247	131,494	128,755	248,308	1,161,700	779,937	277,622	32,511
(14)	Fiscal 2022 Cost	9,197,899	6,216,747	142,014	139,055	268,173	1,254,636	842,332	299,832	35,112
(15)	Percentage of Total Cost	100.0%	67.6%	1.5%	1.5%	2.9%	13.6%	9.2%	3.3%	0.4%

Results for the Electric Department are separately funded in their own schedule. For the remainder of the System, components of the funding cost are allocated as follows:

* Allocated on the basis of Unfunded Accrued Liability, net of Electric balance

** Allocated on the basis of Retiree and Disabled Accrued Liability